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**Finance Committee**

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**HB 1768**

**Brief Description:** Authorizing a local real estate excise tax to be used for the maintenance and operation of parks.

**Sponsors:** Representatives Ericks, B. Sullivan, Hurst and Roberts.

**Brief Summary of Bill**

- Authorizes local jurisdictions to use funds from the second 0.25 percent real estate excise tax for the maintenance and operation of parks acquired or developed with proceeds from the tax.

**Hearing Date:** 2/9/07

**Staff:** Mark Matteson (786-7145).

**Background:**

The real estate excise tax (REET) is imposed on each sale of real property, which includes both the transfer of ownership and the transfer of controlling interests. Real property includes any interest in land or anything affixed to land. The state tax rate is 1.28 percent. Additional local rates are allowed. The combined state and local rate in most areas is 1.78 percent or less. The highest rate is 2.78 percent in the City of Friday Harbor.

The Growth Management Act (GMA) included a modification to the original 0.25 percent REET (also called "REET 1" or the "first REET") authority enacted for local governments and a new 0.25 percent REET authority (also called "REET 2" or the "second REET"), for the purposes of providing assistance to local governments required to or choosing to plan under the GMA. The changes meant that local governments subject to GMA requirements could impose taxes of up to 0.5 percent and that the proceeds would be used to finance capital projects identified in a capital facilities plan element of a comprehensive plan. The modification to the first REET did not affect jurisdictions not planning under GMA but who were eligible to impose the REET. There are 267 cities and 37 counties that impose the first REET and 127 cities and 14 counties that impose the second REET.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

In 2001, the Legislative Task Force on Local Parks and Recreation recommended that the use of the first or second REET proceeds be expanded to include operation and maintenance of park facilities that had been acquired or developed with proceeds from the tax.

**Summary of Bill:**

Beginning in 2007, a city or county that imposes the second REET to finance capital projects may use funds from the tax for the maintenance and operation of parks that were acquired or developed using proceeds from the tax. Any funding from the tax for this purpose may not supplant existing sources of funding for the maintenance and operation of parks.

**Appropriation:** None.

**Fiscal Note:** Requested on January 29, 2007.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.